

**AMENDMENT NO. 1
TO**

Amendment No. _____

6 to Amendment 4 to SB2829

Signature of Sponsor

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 2829*

House Bill No. 2569*

by adding the following language as a new, appropriately numbered section:

SECTION 7.

(a) Tennessee Code Annotated, Section 67-4-708(3)(C), is amended by deleting item (i) and by substituting instead the following:

(i) Hospital, sanitarium, convalescent and rest home care services;

(b) Tennessee Code Annotated, Section 67-4-708(3)(C), is amended by deleting items (ii), (v), (viii), (xii), (xiii), (xiv) and (xv).

(c) Tennessee Code Annotated, Section 67-4-709(b), is amended deleting the subsection in its entirety and by substituting instead the following:

(b) In addition to the minimum tax, persons shall pay a tax, according to the dominant business activity of such persons as follows:

(1) *CLASSIFICATION* 1 [§67-4-708(1)]:

(A) One-tenth (1/10) of one percent (1%) of all the retail sales of the business;

(B) One-fortieth (1/40) of one percent (1%) of all the wholesale sales of the business by persons classified under §67-4-708(1)(A);

(C) Three-eighths (3/8) of one percent (1%) of all the wholesale sales of the business by persons classified under §67-4-708(1)(B) and (1)(C); and

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(D) One twentieth (1/20) of one percent (1%) of all the retail sales of the business by persons classified under §67-4-708(1)(D);

(2) *CLASSIFICATION 2* [§ 67-4-708(2)]:

(A) Three-twentieths (3/20) of one percent (1%) of all the retail sales of the business; and

(B) Three-eightieths (3/80) of one percent (1%) of all the wholesale sales of the business;

(3) *CLASSIFICATION 3* [§67-4-708(3)]:

(A) Three-sixteenths (3/16) of one percent (1%) of all the retail sales of the business; and

(B) Three-eightieths (3/80) of one percent (1%) of all the wholesale sales of the business;

(4) *CLASSIFICATION 4* [§ 67-4-708(4)]:

(A) One-tenth (1/10) of one percent (1%) of the compensation entitled to under the contract, whether in the form of a contract price, commission, fee or wage, by the persons enumerated in §67-4-708(4)(A);

(i) Persons who, during any taxable period, receive less than fifty thousand dollars (\$50,000) of compensation from contracts in a county and/or incorporated municipality

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other than the county or incorporated municipality where domiciled or located, shall be required to pay a tax on such compensation at the rate of one-tenth (1/10) of one percent (1%) in the county and/or incorporated municipality where domiciled;

(ii) When such tax is imposed on a business activity included in any of the above classifications payable by persons described in §67-4-708(4)(A), who, during any taxable period, receive fifty thousand dollars (\$50,000) or more of compensation from contracts in a county or incorporated municipality, such taxpayer shall pay the tax in the jurisdiction in which the contract is performed; provided, that no tax shall be imposed on the same activity by the county and/or incorporated municipality where the taxpayer is domiciled or located.

(iii) In computing the measure of the tax, except as hereinafter provided, no deduction will be allowed on account of the cost of tangible property sold, the cost of materials used, labor cost, reimbursed cost, interest, discount, delivery cost, taxes, or no other expense

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whatsoever paid or accrued and without any deduction on
account of losses; and

(B) One-tenth (1/10) of one percent (1%) of the gross
commissions, margins, fees, or other charges by the persons
enumerated in §67-4-708(4)(B); and

(5) *CLASSIFICATION* 5 [§67-4-708(5)]:

(A) Three-tenths (3/10) of one percent (1%) of the gross
income of the business;

(B) Such persons shall pay a minimum tax of four hundred
fifty dollars (\$450) per annum; however, under no circumstances
shall the tax payable hereunder be more than one thousand five
hundred dollars (\$1,500) per annum; and

(C) "Gross income of the business" means all interest
income, earned discounts, earned lease rentals, commission fees
exclusive of insurance commissions, past due charges, contract
earnings or charges, collection charges, loan service fees, late fee
income, and all other income, without any deduction except as
hereinafter provided.

(d) Tennessee Code Annotated, Section 67-4-710, is amended by
deleting the section in its entirety.

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(e) Tennessee Code Annotated, Section 67-4-724(a), is amended by deleting the words, figures and symbols "pay the commissioner fifteen percent (15%) of the total amount" and by substituting instead the following:

pay the commissioner fifty percent (50%) of the total amount

(f) Tennessee Code Annotated, Title 67, Chapter 4, Part 21, is amended by adding the following language as a new, appropriately designated section:

§67-4-2121. Subject to the minimum tax requirements set forth in §67-4-2119, there shall be credited upon the franchise tax hereby imposed an amount equal to fifty percent (50%) of the taxpayer's business tax liability, levied pursuant to §67-4-709(b), for the franchise tax period on which the franchise tax return is based.

(g) Notwithstanding any provision of this act to the contrary, this section shall take effect July 1, 2002, the public welfare requiring it.